

P.L. 106-393 Secure Rural Schools and Community Self-determination Act of 2000 Information Paper

Introduction.

Thank you for your interest in this exciting opportunity for Lewis County, the State of Washington, and the US Forest Service. The purpose of this paper is to provide an overview of P.L. 106-393 and give our community agencies and organizations the tools and information they need to participate in this grant program.

Background.

The Title II-III funding available to Lewis County represents one of the federal payment programs that provides payments to local governments as compensation for the revenue losses attributed to tax-exempt federal lands within county borders. Several different types of federal “payment programs” exist including payments in lieu of taxes (PILT) and various revenue-sharing programs.

In Washington, the largest federal landowners are: the Forest Service (9.1 million acres), the National Park Service (1.8 million acres), the Department of Defense (all branches of the armed forces combined)(526,000 acres), and the Bureau of Reclamation (469,000 acres). Unlike in many Western states, the BLM has a relatively small presence in Washington (392,583 acres). Federal land related payments made in 2002 totaled over \$100 million, including Federal Impact Aid for school districts.

Federal Lands In Lewis County.

Thirty percent of the county is federally owned. Federal “entitlement” land in Lewis County is owned by the U.S. Forest Service (445,390 acres), the National Park Service (29,171 acres), and the Bureau of Land Management (279 acres). Federal lands are concentrated in the eastern third of the county and include portions of the Gifford Pinchot National Forest and Mt. Rainier National Park. Federal lands also include all or part of the Tatoosh, Goat Rocks, and William O. Douglas federally designated wilderness areas. The White Pass ski area is located on Forest Service land near the Yakima County line. Table 1 shows the amount of federal acreage in Lewis County by agency. The total acreage indicates the total amount of federal “entitlement” land for PILT payment purposes.

Table 1. Federal “entitlement: acreage in Lewis County

USDA Forest Service	445,390
National Park Service	29,171
Bureau of Land Management	279
Total	474,840

Source: BLM, *Payment in Lieu of Taxes, National Summary, Fiscal-Year 2002*

Federal Payment Programs.

One type of payment program is known as “payments in lieu of taxes,” or PILT. Payment in lieu of taxes programs began in connection with acquired federal lands, which removed land from local tax rolls (as opposed to lands reserved from the public domain, which have never been taxed), but these programs have since been applied to a range of federal public lands regardless of origin. Umbrella PILT legislation was enacted by Congress in 1976 to help equalize payments among various “public land” counties. Payments are determined through a complex formula and must be appropriated annually by Congress. In Washington, these payments are generally a fraction of Forest Service revenue-sharing payments.

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Several revenue-sharing programs are in effect for federal public lands. One of the first such programs was authorized in the Agriculture Appropriations Act of May 23, 1908. This act requires the Forest Service to disburse 25 percent of its gross receipts from timber sales and other revenue-producing activities on national forests to the states in which the revenue is generated. In turn, states are required to distribute this income to their counties in proportion to the amount of national forest acreage in each county. Federal law requires this revenue to be expended on schools and roads, but allows states to determine the percentage to be spent for each purpose. Washington law requires counties to use 50 percent of the funds for public schools, and the remaining 50 percent either for schools or roads. This program has represented the largest amount of federal revenue from federal lands in Washington over time.

In the 1990s, however, lower federal timber harvests lowered revenues to the states. In federal fiscal year (FFY) 1989, a peak revenue year, national forest revenues subject to sharing were \$1.53 billion, while in FFY 1998, revenues had declined to \$557 million, or 36 percent of the peak revenue.

Congress responded to the lowered and erratic payments by adopting an alternative program called the "Secure Rural Schools and Community Self-Determination Act of 2000" (commonly referred to as P.L. 106-393 or "Payments to Counties"). The act is intended to provide more revenue, as well as greater revenue stability, for counties and school districts. Authorized for six years (2001-2006), the program allows counties to receive a payment based on the average of the state's top three years of revenue received between 1986 and 1999, or to continue receiving the 25-percent payment authorized under the 1908 law. In Washington, all counties have opted for payment under the new program. In 2002, payments of \$40,337,878 were distributed to 27 counties and school districts in Washington.

Title I of the act provides that most of the monies received (not less than 80 and not more than 85 percent) must be expended in the same manner as the 25-percent payment under the 1908 Act (i.e., on schools and roads). State law directs the Office of the State Treasurer to distribute the funds in proportion to the amount of federal forestland in each county. Fifty percent of these funds are deposited in county road funds, while the other fifty percent are distributed as directed by the Office of the Superintendent of Public Instruction (SPI). State law directs SPI to apportion each county's share of these funds among school districts in proportion to the number of full-time equivalent students enrolled in the district compared to full county enrollment (rather than according to the amount of federal land within each school district). The other 15 to 20 percent may be used as authorized in the legislation's two other titles:

Title II (paid to the Forest Service) for:

- Infrastructure or restoration projects; and/or

Title III (paid to counties) for:

- Search and rescue activities;
- Community service work camps;
- Easement purchases to create access to national forests;
- Forest-related educational opportunities;
- Fire-prevention and county planning; and
- Community forestry.

Counties are authorized to determine the percentage of Title I funds they would like to receive, as well as the balance of Title II and Title III funds.

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Table 2. Federal payments to Lewis County in FY 2002

Forest Service Title 1	\$4,171,072*
Forest Service Title III	\$415,851
PILT	\$76,542
Total	4,663,465

Source: Lewis County Treasurer's Office.

**This amount was divided equally between schools and roads.*

Administration of PL 106-393 in Lewis County.

For this program, Lewis County opted in Resolution 01-311 to take the "full payment amount". The "full payment amount" was calculated to be \$5,155,358 for FFY2001; however, these funds are to be used in 2002. These fund distributions will increase each year through 2006 in accordance with annual Consumer Price Index (CPI) calculations. The federal government will make its last disbursement in Oct 2006 and all Title II monies must be spent by Sep 2007. The Act does not adjust a county's full payment amount as a result of a subsequent change in acreage, rather it guarantees these amounts, regardless of the amount of timber harvested in any given year. Prior to P.L. 106-393, the entire payment was split 50/50 between roads and schools.

Now, under P.L. 106-393, 80% to 85% of the full payment amount is designated for schools and roads at an equal split, and the other 15% to 20% is for Title II and/or Title III projects. The Board of County Commissioners (BOCC) designates these percentages each year by resolution, as well as the percentages to be allocated between Title II and Title III projects for the next year. The current allocation distributes 60% to Title II and 40% to Title III.

Qualifying Projects.

Title II. Title II projects are special projects on national forest lands and non-federal land that will benefit resources on national forest lands. Examples include projects for road maintenance and decommissioning, stream and watershed restoration, noxious weed abatement, etc. Although these types of projects do qualify for Title II funding, one should note that fifty percent of Title II monies by Resource Advisory Committee (RAC) and by year must be spent on the three areas of road maintenance, decommissioning or watershed improvements. County agencies, the USFS, and/or any other organization may submit proposals to the county's designated RAC for projects that fall into the Title II categories. Lewis County's RAC is named the North Gifford Pinchot Resource Advisory Committee, and is represented by Commissioner Dennis Hadaller. In order to ensure a diversity of interests are represented in the management of these funds, each RAC is comprised of 15 people, as follows:

1. Five people representing organized labor, developed outdoor recreation, energy and mineral developments, commercial timber industry, or holding a federal grazing permit.
2. Five people representing nationally recognized environmental organizations, regionally or locally recognized environmental organizations, dispersed recreation, archaeological and historical interests, or nationally or regionally recognized wild horse and burro interest groups.
3. Five people representing a State-elected office holder or their designee, county or local office holder, tribal representative, school official or teacher, or public at large member.

In addition to approving the projects, the RAC also approves the scheduling, cost (including amount of agency overhead assessed against the project) and legal compliance and forwards its final approval to the area forest supervisor. The RAC must complete these actions for the next

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fiscal year by August 30 of the current fiscal year. The area forest supervisor approves the projects for funding. Any funds not used will become available for the next year's project submissions. The authority for this program ends on September 30, 2006, and any Title II project funds not obligated by September 30, 2007, must be deposited in the US Treasury under section 208 of the Act.

Some examples of recently approved Title II projects are:

- Scotch Broom and Noxious Weed Control
- Backlog Road Maintenance
- Pre-commercial Thinning
- Packwood Work Center Utilization Study
- Burley Mountain Cabin Restoration
- Windy Ridge Snowplowing

Title III. These projects are managed by the county, and fit into the following categories:

1. Search and rescue activities;
2. Community service work camps;
3. Easement purchases to create access to national forests;
4. Forest-related educational opportunities;
5. Fire-prevention and county planning; and
6. Community forestry.

A note on Search, Rescue, and Emergency Services projects. Applicants submitting projects that ask for capital equipment or capital improvements must keep in mind these funds are limited to projects that directly are needed for search, rescue, and/or emergency service response work on National Forest lands. If only a portion of the use of this equipment will be for SAR services on National Forest land, then the agency will qualify for reimbursement up to a percentage of the requirement for these services provided.

Title III funds are administered by the county and do not require RAC oversight/approval. Any organization may qualify for these funds if they submit a proposal that falls within one of the six categories above. Please note, the definitions of the 6 categories above are quite narrow and it is best to do a thorough review of the act prior to submitting a proposal. A copy of P.L. 106-393 is available on the Lewis County website link below. The Lewis County BOCC has final approval on which projects receive funding. Some examples of recently approved Title III projects in Lewis County are:

- EMS Vehicle Upgrade
- Natural Resources Discover Team
- Natural Resources Youth Camp
- Conservation Easement for Fish Passage
- Search and Rescue Services in Gifford Pinchot National Forest

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Contact and Additional Information.

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Title III:

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Lewis County website: <http://www.co.lewis.wa.us/TitleIII>

US Forest Service's web site: <http://www.fs.fed.us/payments>

Application forms are available at:

<http://www.fs.fed.us/gpnf/forest-administration/county-payments/>